

## Federal and State Court Review

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\* In the interest of full disclosure, the author notes his participation or that of his law firm in the following cases referenced by this outline: *Progressive Distrib. Servs., Inc. v. United Parcel Serv., Inc.*, No. 1:14-CV-430, 2016 WL 2848339 (W.D. Mich. May 16, 2016) (counsel for defendants); *Adidas Am., Inc. v. Skechers USA, Inc.*, No. 3:15-CV-01741-HZ, 2016 WL 591760 (D. Or. Feb. 12, 2016) (counsel for plaintiffs); *Select Comfort Corp. v. Baxter*, No. CV 12-2899 (DWF/SER), 2016 WL 158516 (D. Minn. Jan. 13, 2016) (expert witness for plaintiff); *PODS Enters. v. U-Haul Int'l, Inc.*, 126 F. Supp. 3d 1263 (M.D. Fla. 2015) (counsel for defendant); *Special FN Herstal, S.A. v. Clyde Armory, Inc.*, 123 F. Supp. 3d 1356 (M.D. Ga. 2015) (counsel for plaintiff); *Clearly Food & Beverage Co. v. Top Shelf Beverages, Inc.*, 102 F. Supp. 3d 1154 (W.D. Wash. 2015) (counsel for plaintiff at earlier stage of proceedings).

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## **I. ESTABLISHING PROTECTABLE TRADEMARK AND SERVICE MARK RIGHTS**

### **A. Proving Protectable Rights Through Federal Registrations**

1. Courts took varying approaches to the evidentiary significance of registrations that had not yet become incontestable.
  - a. Consistent with the majority rule, some courts held that the “*prima facie*” evidence represented by a nonincontestable registration under 15 U.S.C. §§ 1057(b), 1115(a) (2012), affirmatively shifts the burden of *proof* on mark validity from the plaintiff to the defendant; the defendant therefore must establish by a preponderance of the evidence that the registered mark is not valid. *See, e.g.*, Macy’s Inc. v. Strategic Marks, LLC, 117 U.S.P.Q.2d 1743, 1746 (N.D. Cal. 2016) (“[W]here a plaintiff pursues a trademark infringement action involving a registered trademark, the burden of proving the invalidity of the trademark falls on the defendant. The defendant can only overcome the registered mark’s presumption of validity by showing by a preponderance of evidence that the mark is not protectable.” (citations omitted)).
  - b. Others, however, held that a nonincontestable registration merely shifts the burden of *production* to a defendant, meaning that the defendant need only introduce some cognizable evidence or testimony of invalidity. *See, e.g.*, Apple Inc. v. Samsung Elecs. Co., 786 F.3d 983, 994 (Fed. Cir. 2015) (applying Ninth Circuit law).
2. Courts addressed the evidentiary significance of incontestable registrations on the Principal Register with less frequency, but, when they did, they properly held that the registration shifted the burden of proof on the issue of the validity of the registered mark to any challenger of that validity. *See, e.g.*, Select Comfort Corp. v. Baxter, No. CV 12-2899 (DWF/SER), 2016 WL 158516, at \*5 (D. Minn. Jan. 13, 2016); Tiffany & Co. v. Costco Wholesale Corp., 127 F. Supp. 3d 241, 247 (S.D.N.Y. 2015), *appeal dismissed* (Nov. 10, 2015). Thus, for example, one court declined to grant a motion to dismiss an incontestable registrant’s claim of distinctiveness because, as it explained, “the allegation of incontestability is sufficient to allege plausibly the distinctiveness required by the dilution statute.” A.V.E.L.A., Inc. v. Estate of Marilyn Monroe, LLC, No. 12 Civ. 4828(KPF), 2015 WL 5507147, at \*16 (S.D.N.Y. Sept. 18, 2015).

### **B. Proving Common-Law Rights**

#### **1. Proving Ownership**

- a. A federal district court confirmed that the purchase of a parcel of real estate on which a defunct business once operated does not in

and of itself result in the purchaser acquiring the rights to the marks under which the defunct business operated. *See Russell Rd. Food & Beverage, LLC v. Galam*, No. 213CV00776RFBNJK, 2016 WL 1465330, at \*7 (D. Nev. Apr. 13, 2016).

- b. In a mark-ownership dispute between the manufacturer of goods bearing a disputed mark, on the one hand, and the distributor of those goods, on the other, the court applied a presumption that the manufacturer owned the mark. *See Prod. Source Int'l, LLC v. Nahshin*, 112 F. Supp. 3d 383, 395 (E.D. Va. 2015), *appeal dismissed* (Dec. 22, 2015). Although giving the distributor the opportunity to rebut the presumption, the court held on the parties' cross motions for summary judgment that the manufacturer had failed to do so. *Id.* at 395-96; *see also Covertech Fabricating, Inc. v. TVM Bldg. Prods., Inc.*, 124 F. Supp. 3d 489, 519 (W.D. Pa. 2015) (similarly resolving issue of mark ownership against distributor).

## 2. **Proving Use in Commerce**

For the most part, use in commerce is a prerequisite for protectable rights to a trademark or service mark under the Lanham Act's private causes of action, *see* 15 U.S.C. §§ 1114, 1125(a), 1125(c) (2012); except where non-U.S. applicants relying on foreign filings are concerned, a showing of use in commerce also is necessary to secure a federal registration. *See id.* §§ 1051(a)-(b).

- a. Of the opinions addressing what the use-in-commerce prerequisite for trademark rights, the most notable came from the Fourth Circuit. *See Belmora LLC v. Bayer Consumer Care AG*, No. 15-1335, 2016 WL 1135518 (4th Cir. Mar. 23, 2016).
  - i. The parties agreed the plaintiff was the first to use and register the disputed mark in the United States—indeed, the defendants had never done so—as well as that the defendants owned the mark in many jurisdictions outside the United States. Despite their apparent lack of priority, however, the defendants asserted three counterclaims based on evidence and testimony that the plaintiff had packaged and advertised its goods in a manner suggesting they originated with the defendants, namely: (1) false association in violation of Section 43(a)(1)(A) of the Act, 15 U.S.C. § 1125(a)(1)(A) (2012); (2) false advertising in violation of Section 43(a)(1)(B), *id.* § 1125(a)(1)(B); and (3) cancellation based on alleged misrepresentation of source in violation of Section 14(3), *id.* § 1064(3).

- ii. Because the defendants' mark was absent from United States markets, the district court entered summary judgment in the plaintiff's favor, but the Fourth Circuit reversed. The appellate court identified two rationales underlying its holding, the first of which was that "a plaintiff whose mark has become generic—and therefore not protectable—may plead an unfair competition claim against a competitor that uses that generic name and 'fail[s] adequately to identify itself as distinct from the first organization' such that the name causes 'confusion or a likelihood of confusion.'" *Belmora*, 2016 WL 1135518, at \*7 (alteration in original) (quoting *Blinded Veterans Ass'n v. Blinded Am. Veterans Found.*, 872 F.2d 1035, 1043 (D.C. Cir. 1989)). The second was that:

[I]n a "reverse passing off" case, the plaintiff need not have used a mark in commerce to bring a § 43(a) action. A reverse-passing-off plaintiff must prove four elements: (1) that the work at issue originated with the plaintiff; (2) that origin of the work was falsely designated by the defendant; (3) that the false designation of origin was likely to cause consumer confusion; and (4) that the plaintiff was harmed by the defendant's false designation of origin.

*Id.*(footnote omitted) (internal quotation marks omitted). According to the court, "[t]he generic mark and reverse passing off cases illustrate that § 43(a) actions do not require, implicitly or otherwise, that a plaintiff have first used its own mark in United States commerce," *id.*; as a consequence, "[i]f such a use were a condition precedent to bringing a § 43(a) action, the generic mark and reverse passing off cases could not exist." *Id.*

- b. A Georgia federal district court required a plaintiff claiming a date of first use prior to that recited in the plaintiff's application in the USPTO to prove the earlier date by clear and convincing evidence. *See FN Herstal, S.A. v. Clyde Armory, Inc.*, 123 F. Supp. 3d 1356, 1367 (M.D. Ga. 2015). The plaintiff successfully did so, however, by placing before a jury evidence and testimony of eleven deliveries of goods worth \$11,000,000 prior to the defendant's date of first use. *Id.* at 1368.
- c. A California federal district court tackled the subject of ornamental use in the context of a claim that the Macy's department store

chain had abandoned certain marks corresponding to the names of closed stores by failing to use them except in an allegedly ornamental fashion on T-shirts. *See Macy's Inc. v. Strategic Marks, LLC*, 117 U.S.P.Q.2d 1743 (N.D. Cal. 2016). Entering summary judgment in Macy's favor, the court acknowledged that "a designation that is solely 'ornamental' cannot be a trademark," *id.* at 1746; nevertheless, it held, "ornamentation on apparel, including shirts manufactured by third parties, qualify as trademark use if the particular ornamentation serves as an indication of a secondary source of origin, e.g., the source of a shirt other than the direct manufacturer." *Id.* at 1748. As described by the opinion, the summary judgment record suggested the disputed marks appeared on Macy's shirts not as "small, neat and discrete words[s] or design[s]," *id.* (quoting T.M.E.P. § 1202), but instead emblazoned across the apparel. That was not enough to render them merely ornamental in nature, however; instead, "[w]here as here the mark is arbitrary and has a well-known association with a source (as here) rather than constituting some generic term without any such association, and particularly where 'TM' appears next to the mark [on] the accused products, the marks are not ornamental." *Id.*

### **3. Proving Distinctiveness**

- a. Section 2(f) of the Act provides that the USPTO "may accept as prima facie evidence that [an applied-for] mark has become distinctive . . . proof of substantially exclusive and continuous use thereof as a mark by the applicant in commerce for the five years before the date on which the claim of distinctiveness is made." 15 U.S.C. § 1052(f) (2012). Although not all courts are willing to accept claims of acquired distinctiveness under Section 2(f), *See, e.g., Fla. Van Rentals, Inc. v. Auto Mobility Sales, Inc.*, 85 F. Supp. 3d 1300, 1306 (M.D. Fla. 2015) (rejecting plaintiff's attempted invocation of Section 2(f) with the explanation, "[s]tanding alone, however, this fact is insufficient to establish secondary meaning"), the Eleventh Circuit converted the permissive wording of the statute into something stronger by holding that "[a] proprietor *can* make a prima facie showing of 'secondary meaning' by showing that the name has been used in connection with the proprietor's goods or service continuously and substantially exclusively for five years." *Jysk Bed'N Linen v. Dutta-Roy*, 810 F.3d 767, 779 (11th Cir. 2015) (emphasis added) (quoting *Welding Servs. Inc. v. Forman*, 509 F.3d 1351, 1357 (11th Cir. 2007)). Affirming a finding of acquired distinctiveness as a matter of law, the court required nothing more than evidence in the summary judgment record than use of the disputed marks for five years: "Even if [the marks] are merely descriptive of [the plaintiff's goods], [the plaintiff] has

been using these marks for far more than five years, and the marks therefore have acquired secondary meaning.” *Id.*

- b. In contrast, the same court reached a finding of no acquired distinctiveness as a matter of law in an appeal from a bench finding to the contrary. *See Tartell v. S. Fla. Sinus & Allergy Ctr.*, 790 F.3d 1253 (11th Cir. 2015). The plaintiff was a Florida physician whose personal name had been incorporated into six domain names registered by the defendants. Particularly in light of past acrimony between the parties, the plaintiff successfully established the defendants’ liability for cybersquatting, but his victory fell apart on appeal when the Eleventh Circuit took a more skeptical view of his showing that his name had the acquired distinctiveness necessary for protection. The appellate court noted that “[a] plaintiff may prove secondary meaning with direct evidence, such as consumer surveys, or circumstantial evidence,” *id.* at 1257, and it defined the latter category of evidence as including “(1) the length and nature of the name’s use, (2) the nature and extent of advertising and promotion of the name, (3) the efforts of the proprietor to promote a conscious connection between the name and the business, and (4) the degree of actual recognition by the public that the name designates the proprietor’s product or service.” *Id.* (quoting *Tana v. Dantanna’s*, 611 F.3d 767, 774 (11th Cir. 2010)) (citation omitted) (internal quotation marks omitted). In the absence of favorable survey results in the trial record, the plaintiff pointed the court to circumstantial evidence in the form of “commercial advertisements of his practice with [one of the defendants], and testimony about patient and doctor recognition of his name.” *Id.* at 1256. The court held this showing was fatally flawed in a number of respects, beginning with the “threshold” problem that “[t]he target audience for [the plaintiff’s] academic activities, most of which occurred more than two decades ago, was not consumers of his medical services—that is, potential patients. And nothing in the record suggests that, ‘present-day [potential patients] would specifically associate [his] name with [his services],’ based on his academic activities.” *Id.* at 1258 (alterations in original) (quoting *Tana*, 611 F.3d at 777). The court additionally held that “evidence that [the plaintiff] is respected by his peers ‘suggests nothing more than that [his] name . . . may have a familiar ring to a discrete group,’” *id.* (alterations in original) (quoting *Tana*, 611 F.3d at 777), and it dismissed as “self-serving” the plaintiff’s testimony of his name recognition. *Id.* Finally, “[a]lthough [the plaintiff’s] name appeared on numerous advertisements and other promotional material, his name was not displayed ‘prominently,’ especially when compared to the prominence with which the name of his practice appeared in the advertising. *Id.* at 1258-59. The district court’s finding of ac-

quired distinctiveness therefore was unsupported by substantial evidence and could not stand. *Id.* at 1259.

- c. The Tenth Circuit acknowledged the possibility of a custom home's floor plan qualifying as an inherently distinctive indicator of origin. *See Savant Homes, Inc. v. Collins*, 809 F.3d 1133, 1149 (10th Cir. 2016). Ultimately, however, it affirmed the district court's entry of summary judgment in the defendants' favor on the issue. *Id.* at 1149.

#### **4. Proving Nonfunctionality**

- a. A finding of functionality as a matter of law came in an appeal from findings by a Northern District of California jury that the configurations of Apple's IPHONE and IPHONE 3 devices qualified as protectable trade dresses and that those trade dresses were likely to be diluted by Samsung's sale of similar devices. *See Apple Inc. v. Samsung Elecs. Co.*, 786 F.3d 983 (Fed. Cir. 2015).
  - i. Hearing the appeal because it presented patent-related issues, the Federal Circuit adopted restrictive applications of Ninth Circuit law in two respects, the first of which was its holding that a registration covering the IPHONE device merely shifted the burden of production, and not the burden of proof, to Samsung on the issue of the registered trade dress's nonfunctionality. *Id.* at 995. The second was the court's conclusion that the Ninth Circuit had set a "high bar for nonfunctionality," albeit apparently only for product configurations. *Id.* at 992. Having reached those conclusions, the court turned to the Ninth Circuit test for nonfunctionality, which took into account: (1) whether the configurations at issue yielded a utilitarian advantage; (2) whether alternative designs were available; (3) whether advertising had touted the utilitarian advantages of the configurations; and (4) whether the configurations resulted from a comparatively simple or inexpensive method of manufacture. *Id.*
  - ii. Weighing the trial record on appeal, the court found as a matter of law on appeal that there was an absence of substantial evidence supporting the jury's findings of nonfunctionality under any of the relevant factors. As to the first, the court held that "[n]either unusual usability nor superior performance . . . is the standard used by the Ninth Circuit," *id.* (internal quotation marks omitted); this meant that product features could only be nonfunctional if they served "no purpose other than identification." *Id.* (quoting *Disc Golf Ass'n v. Champion Discs, Inc.*, 158 F.3d 1002, 1007

(9th Cir. 1998)) (internal quotation marks omitted). Having framed the issue in this manner, the court proceeded to conclude that all the features claimed as protectable trade dress by Apple contributed to the usability of the company’s devices. Those features included the devices’: (1) rounded corners, which improved their “pocketability” and “durability, *id.* at 993”; (2) flat clear rectangular screens, which maximized display space, *id.*; (3) bezels, which protected the screens from impacts, *id.*; (4) borders, which were “sized to accommodate other components while minimizing the products’ overall dimensions,” *id.*; (5) rows of dots at the top of their screens, which indicated “multiple pages of applications that are available,” *id.*; and (6) icons, which the court concluded, “allow users to differentiate the applications available to the users and the bottom dock of [which] allows for quick access to the most commonly used applications.” *Id.* Somewhat ominously for the hundreds of claimants of rights to icon designs in the USPTO, the court accorded considerable weight when discussing the last of these considerations to expert witness testimony that “the whole point of an icon on a smartphone is to communicate to the consumer using that product, that if they hit that icon, certain functionality will occur on the phone.” *Quoted in id.* at 995.

- iii. The court was no more inclined to uphold the jury’s verdict when reviewing the remaining three factors in the nonfunctionality inquiry. It dismissed record evidence of alternative designs on the ground that that evidence “fails to show that any of these alternatives offered exactly the same features as the asserted trade dress.” *Id.* at 993; *see also id.* at 996. It then discounted Apple’s “product as hero” advertising because “[a]n inference of a product feature’s utility in the plaintiff’s advertisement is enough to weigh in favor of [the] functionality of a trade dress encompassing that feature.” *Id.* at 993. Finally, the court concluded that the record lacked substantial evidence that Apple’s configurations were comparatively simple or inexpensive to manufacture, holding that the complexities of assembling the devices were attributable to the goal of increasing durability, rather than anything within the scope of what was claimed as trade dress. *Id.* at 994. The upshot was that the jury’s findings of the nonfunctionality of both configurations failed to survive appellate scrutiny. *Id.* at 994-95, 96.

- b. In contrast, a different court, also applying Ninth Circuit law, did not impose a “high bar” to plaintiffs seeking to demonstrate the

nonfunctionality of product designs. *See Adidas Am., Inc. v. Skechers USA, Inc.*, No. 3:15-CV-01741-HZ, 2016 WL 591760 (D. Or. Feb. 12, 2016). It also rejected a defense attempt to dissect the plaintiffs' designs by demonstrating the functionality of the designs' component parts. *Id.* at \*8.

- c. The Ninth Circuit itself addressed the nonfunctionality or functionality of the format of a urine test report. *See Millennium Labs. v. Ameritox, Ltd.*, 817 F.3d 1123, 1125 (9th Cir. 2016). It held the relevant inquiry to be a two-part process, the first step of which was to determine whether the plaintiff's format was essential to the use or purpose of the report or affected the report's cost or quality. If the answer to that question was negative, the next step was to evaluate the possible aesthetic functionality of the format by determining whether protection of the format as a trademark would impose a significant non-reputation-related competitive disadvantage upon the defendant. *Id.* at 1128-29.
- d. Although acknowledging that the nonfunctionality inquiry is an inherently factual one, a California federal district court nevertheless concluded that the allegations of nonfunctionality in the complaint before it were so deficient that they failed to state a claim for trade dress infringement. *See Arcsoft, Inc. v. Cyberlink Corp.*, No. 15-CV-03707-WHO, 2015 WL 9455516 (N.D. Cal. Dec. 28, 2015). That relatively unusual result, however, was driven in part by the plaintiff's attempt to redefine its trade dress in the papers opposing the defendants' motion to dismiss. *Id.*
- e. If a product feature is functional, does it remain so when reproduced on non-working replica of the original product? One court addressing this question in the context of a trade dress claim to the design of replica ammunition answered it in the affirmative. *See Provident Precious Metals, LLC v. Nw. Territorial Mint, LLC*, 117 F. Supp. 3d 879 (N.D. Tex. 2015). The product feature at issue was a "head stamp" identifying the weight, composition, purity, and source of the bullion used to make the parties' replica bullets:



According to the court, the summary judgment record demonstrated "the head stamp is functional because it emulates actual ammunition, which would give [the plaintiff] a non-reputation-related advantage over its competitors, particularly in appealing to military

service members and gun enthusiasts, who would very likely perceive head stamps that did not resemble actual ammunition as being of lesser quality.” *Id.* at 895.

## II. PROVING INFRINGEMENT AND UNFAIR COMPETITION

### A. Proving Actionable Uses in Commerce by Defendants

To trigger liability, each of the Lanham Act’s statutory causes of action requires that a defendant use the challenged mark in commerce. *See* 15 U.S.C. §§ 1114, 1125(a), 1125(c) 1125(d)(1)(D) (2012).

1. The Fourth Circuit reached a finding of no actionable use in commerce as a matter of law. *See Radiance Found. v. NAACP*, 786 F.3d 316 (4th Cir. 2015).
  - a. The counterclaim defendants in that litigation were a nonprofit anti-abortion foundation and its principal, who had written several articles referring to a putative organization named the NATIONAL ASSOCIATION FOR THE ABORTION OF COLORED PEOPLE, which the counterclaim defendants abbreviated to the NAACP. The National Association for the Advancement of Colored People, which did not have an official position on abortion and which owned registrations of its name and of NAACP as service marks for various community outreach, informational, and educational services, successfully established that the counterclaim defendants’ activities qualified as actionable uses in commerce. To begin with, because one of the defendants’ online uses appeared in the results of a Google search for “NAACP,” the resulting diversion of Internet users to the counterclaim defendants’ website demonstrated a nexus to the NAACP’s services. *Id.* at 884. Evidence in the trial record also included the NAACP’s showing that the defendants had used the parties’ dispute as a fundraiser, and, indeed, that they had deliberately escalated things for that reason. *Radiance Found. v. NAACP*, 25 F. Supp. 3d 865, 884-85 (E.D. Va. 2014), *rev’d*, 786 F.3d 316 (4th Cir. 2015). As the district court summarized the evidence and testimony on this point, “[the counterclaim defendants] offered various opportunities for visitors [to their websites] to donate to [the lead counterclaim defendant], pay to sponsor billboards, secure license[d] content, or erect state-specific anti-abortion webpages for a fee.” *Id.* at 899.
  - b. The Fourth Circuit was not similarly convinced. Although not holding that the First Amendment protected the counterclaim defendants’ conduct, the appellate court nevertheless concluded that “the ‘in connection with’ language [of Sections 32 and 43(a)] must denote a real nexus with goods and services if the Act is not to fa-

tally collide with First Amendment principles.” 786 F.3d at 324. Rejecting the district court’s initial rationale, it held:

[T]ypically the use of the mark has to be in connection with the infringer’s goods or services, not the trademark holder’s.

If the general rule was that the use of the mark merely had to be in connection with the trademark holder’s goods or services, then even the most offhand mention of a trademark holder’s mark could potentially satisfy the “in connection with” requirement. That interpretation would expand the requirement to the point that it would equal or surpass the scope of the Lanham Act’s “in commerce” jurisdictional element. This would not only make the jurisdictional element superfluous, but would hamper the ability of the “in connection with” requirement to hold Lanham Act infractions within First Amendment limits.

*Id.* at 325 (citation omitted).

- c. The court also rejected the district court’s conclusion that the counterclaim defendants’ use of the NAACP’s marks was in connection with fundraising services, holding instead “[t]hat the protected marks appear somewhere in the content of a website that includes transactional components is not alone enough to satisfy the ‘in connection with’ element.” *Id.* at 326. A holding to the contrary, the court held, “would come too close to an absolute rule that any social issues commentary with any transactional component in the neighborhood enhanced the commentator’s risk of Lanham Act liability.” *Id.*
- d. Finally, the court concluded that the counterclaim defendants’ use fell within the scope of Section 43(c)(3)(C)’s exclusion from liability for likely dilution of “[a]ny noncommercial use of a mark.” 15 U.S.C. § 1125(c)(3)(C) (2012). According to the court:

In determining whether speech is commercial, we consider several factors: (1) whether the speech is an advertisement; (2) whether speech refers to specific products or services; (3) whether the speaker has an economic motivation for the speech; and (4) the viewpoint of the listener, i.e. whether the listener would perceive the speech as proposing a transaction. The factors are cumulative, but, again, the

absence of any particular element does not necessarily render the speech noncommercial.

*Radiance Found.*, 786 F.3d at 331 (citation omitted) (internal quotation marks omitted). In applying this test, the court held that the counterclaim defendants' solicitation of donations did not render their conduct commercial in nature. Rather, “”[t]he article in contention was not an advertisement. Nowhere in the piece did it offer the reader anything for sale. The article did not even mention [the counterclaim defendants'] services.” *Id.* at 332.

2. A California federal district court took an even more restrictive approach to the use-in-commerce prerequisite for liability under Section 43(c). *See Lions Gate Entm't Inc. v. TD Ameritrade Servs. Co.*, No. CV 15-05024 DDP (EX), 2016 WL 1027998 (C.D. Cal. Mar. 14, 2016). The plaintiff before that court alleged the defendants had used an imitation of the plaintiff's famous and distinctive mark for baby products in advertisements for the defendants' financial services. As the court explained in dismissing that claim at the pleading stage:

Plaintiff claims that Defendants have used the mark in Defendants' ads, but that is not the same as alleging that Defendants use Plaintiff's mark, or a mark nearly identical to it, as the mark for Defendants' own goods—which would be an allegation that appears clearly contradicted by the facts of this case. Thus, it does not appear that as pled, Defendants have used the mark in commerce in the sense that the law requires.

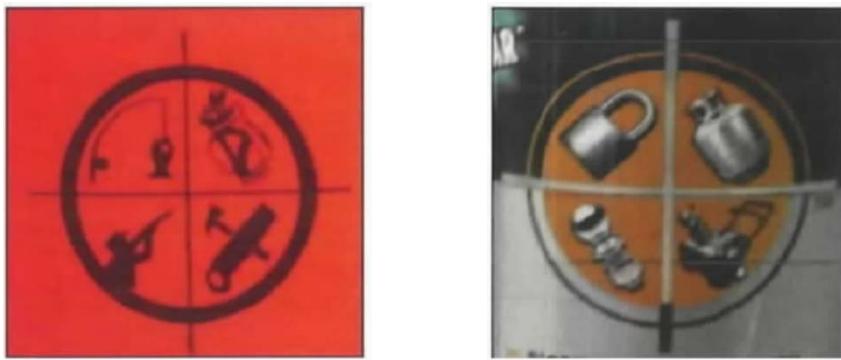
*Id.* at \*16.

## B. Proving Likely Confusion

1. The Eleventh Circuit has for years followed the idiosyncratic rule that an incontestably registered mark must necessarily be considered a strong one for purposes of the likelihood-of-confusion inquiry. *See Dieter v. B&H Indus. of Sw. Fla., Inc.*, 880 F.2d 322, 328-29 (11th Cir. 1989). Nevertheless, although applying the rule as a matter of established circuit law, one panel of that court observed that “our precedent . . . is an outlier. The majority of circuits to consider the question have held that incontestability does not affect the strength of a mark for purposes of confusion.” *Sovereign Military Hospitaller Order of Saint John of Jerusalem of Rhodes & of Malta v. Florida Priory of the Knights Hospitallers of the Sovereign Order of Saint John of Jerusalem, Knights of Malta, the Ecumenical Order*, 809 F.3d 1171, 1183 (11th Cir. 2015). Going beyond that conclusion, it then flatly remarked in dictum, “[t]he law in this Circuit is almost certainly in-

correct. The incontestability of a mark, by itself, says nothing about its strength.” *Id.*

2. The Fourth Circuit reached a finding of no likelihood of confusion as a matter of law in a declaratory judgment action in which the counterclaim defendants had used the National Association for the Advancement of Colored People’s NAACP mark and the phrase “National Association for the Abortion of Colored People in connection with the counterclaim defendants’ activities in opposition to abortion. *See Radiance Found. v. NAACP*, 786 F.3d 316 (4th Cir. 2015). Those activities included the publication of articles under titles that included the NAACP mark and that suggested—inaccurately, according to the NAACP—the NAACP supported abortion rights and characterizing the NAACP’s “Image Awards” as honoring “black imagery churned out by often racist, anti-Christian, perpetually sexist, violent and pornographic Hollywood.” Quoted in *id.* at 328. The district court found the counterclaim defendants liable for infringement following a bench trial, but that verdict met with grief at the hands of the Fourth Circuit, which faulted the lower court for failing to consider fully both the counterclaim defendants’ purpose and the context in which their uses had occurred. As to the former, the appellate court held the satirical nature of the counterclaim defendants’ uses “ensures that no confusion about the source of the commentary will last, if in fact it is generated at all.” *Id.* And, as to the latter, the counterclaim defendants’ use of their own names in connection with their articles and the articles’ criticism of the NAACP “diminishes the likelihood of confusion about source even further.” *Id.* Any other holding, the court concluded, “would severely restrict all kinds of speakers from criticizing all manner of corporate positions and propel the Lanham Act into treacherous constitutional terrain.” *Id.* at 329.
3. Determinations of no likelihood of confusion also came courtesy of trial courts on motions for summary judgment in orders that withheld appellate scrutiny. One such order had its origins in an infringement action in which the plaintiff sought to protect the unregistered mark shown below on the left against the use of the design shown below on the right, both of which were used in connection with products with corrosion-inhibiting characteristics:



*See Sorensen v. WD-40 Co.*, 792 F.3d 712 (7th Cir. 2015). In affirming a finding of noninfringement as a matter of law, the Seventh Circuit acknowledged there were “basic similarities between the marks,” *id.* at 727, but, based in part on the differing colors of the parties’ bottles and the relative sizes of the marks on those bottles, the court concluded that “the overall commercial impression of the two bottles is quite distinct,” *id.*; it also credited the argument that the defendant’s use of its well-known WD-40 mark on its packaging further distinguished the parties’ uses. *Id.* Other factors favoring the defendant were the absence of evidence of actual confusion, *id.* at 731, or that the defendant had adopted its design in bad faith. *Id.* Taken together with the weakness of the plaintiff’s mark, *see id.*, these three considerations pointed “decisively” toward a finding of noninfringement as a matter of law. *Id.* The plaintiff might have established that the parties’ goods were related, *id.* at 729, that the area and manner of the parties’ concurrent uses of their designs “weakly” supported his position, *id.* at 730, and that consumers of the parties’ goods were “unlikely to exercise a great deal of care,” *id.* at 731, but his showings on these issues were insufficient to create a factual dispute on the ultimate issue of likely confusion. *Id.* at 732.

4. Online retailer Amazon.com and its affiliates escaped an allegation of infringement as a matter of law in an appeal to the Ninth Circuit. *See Multi Time Machine, Inc. v. Amazon.com, Inc.*, 804 F.3d 930 (9th Cir. 2015).
  - a. It was undisputed that the defendants did not carry the plaintiff’s military-style watches and, additionally, that they listed competitive watches for sale when consumers searched for the plaintiff’s MTM SPECIAL APPS-branded wares. The search results in this scenario displayed the plaintiff’s mark twice, namely, “in the search query box and directly below the search query box in what is termed a ‘breadcrumb,’” *id.* at 933, the latter being “a trail for the consumer to follow back to the original search.” *Id.* As summarized by the court of appeals, “[d]irectly below the breadcrumb, is a ‘Related Searches’ field, which provides the consumer with alternative search queries in case the consumer is dissatisfied with

the results of the original search.” *Id.* A gray bar separated the defendants’ alternative product listings from the breadcrumb and the “Related Searches” field.

- b. Invoking the standard multifactored test for likely confusion, the district court granted a defense motion for summary judgment, and the Ninth Circuit affirmed but for different reasons. As a threshold matter, it held that the standard test was “not particularly apt,” something it considered “not surprising as the . . . test was developed for a different problem—i.e., for analyzing whether two competing brands’ *marks* are sufficiently similar to cause consumer confusion.” *Id.* at 936. It therefore eschewed the standard factors in favor of a two-part inquiry: “(1) Who is the relevant reasonable consumer?; and (2) What would he reasonably believe based on what he saw on the screen?” *Id.* at 937. The court determined with respect to the first of these inquiries that potential customers of the plaintiff’s “expensive” watches were reasonably prudent consumers accustomed to shopping online. *Id.* And, as to the second, it held the summary judgment record established that “[h]ere, the products at issue are clearly labeled by Amazon to avoid any likelihood of initial interest confusion by a reasonably prudent consumer accustomed to online shopping,” *id.* at 937-38; specifically, “[b]ecause Amazon clearly labels each of the [alternative] products for sale by brand name and model number accompanied by a photograph of the item, it is unreasonable to suppose that the reasonably prudent consumer accustomed to shopping online would be confused about the source of the goods.” *Id.* at 938. Observing that “[t]he likelihood of confusion is often a question of fact, but not always,” the court affirmed the district court’s finding of nonliability as a matter of law. *Id.* at 939.
5. The Seventh Circuit similarly held it unnecessary to resort to an application of its standard multifactored test for likely confusion in a battle over the LAND O’ LAKES mark, used by the plaintiff in connection with fishing tackle and by the defendant in connection with dairy products. *See Hugunin v. Land O’ Lakes, Inc.*, 815 F.3d 1064 (7th Cir. 2016). In affirming the district court’s entry of summary judgment of nonliability, the appellate court acknowledged the plaintiff’s showing that the defendant had promoted its goods through fishing-themed promotions. *Id.* at 1068 (“A typical fishing-themed ad by the dairy company depicts the “Land O’ Lakes Walleye Pro,” a champion fisherman whom [the dairy company] sponsors in fishing competitions in return for his promoting its dairy products. The fisherman is shown sitting next to packages of Land O’ Lakes butter and cheese. The dairy company’s logo is also found on fishing boats during tournaments.”). Nevertheless, it held, “just as no one watching a NASCAR race and seeing a racing car emblazoned with Budweiser’s logo would think that the beer company had entered the automobile industry, so

no one reading the ‘Walleye Pro’ ad or seeing a boat sponsored by the dairy company would think that the advertiser sells fishing tackle.” *Id.*

6. In concluding that confusion was unlikely between the marks before it, a Michigan federal district court declined to defer to a prior determination to the contrary by a USPTO examining attorney. *See Progressive Distrib. Servs., Inc. v. United Parcel Serv., Inc.*, No. 1:14-CV-430, 2016 WL 2848339 (W.D. Mich. May 16, 2016). As it explained, “[b]ecause the USPTO’s rejection of [the defendants’] mark was a low-level determination, and there is no indication in the record that the examining attorney reviewed the evidence presented to this Court in the instant case, this Court declines to give any weight to the PTO examiner’s likelihood of confusion determination.” *Id.* at \*5.

### C. Proving Actual and Likely Dilution

#### 1. Proving Mark Distinctiveness and Fame

- a. As usual, most claims of mark fame under Section 43(c) failed. *See, e.g., Clearly Food & Beverage Co. v. Top Shelf Beverages, Inc.*, 102 F. Supp. 3d 1154, 1176-77 (W.D. Wash. 2015) (finding CLEARLY CANADIAN mark for flavored water products insufficiently famous as a matter of law for protection under Section 43(c)); *Pronman v. Styles*, 114 U.S.P.Q.2d 1525, 1534-35 (S.D. Fla. 2015) (finding DAN PRONMAN, GARY PRONMAN, MOVIE STAR MUSCLE CARS, GPMUSCLECARS, and DPMUSCLECARS marks, all used in the classic car industry, insufficiently famous as a matter of law to qualify for protection under Section 43(c)); *Bern Unlimited, Inc. v. Burton Corp.*, 95 F. Supp. 3d 184, 211 (D. Mass. 2015) (finding configuration of visor of athletic helmet ineligible for protection under Section 43(c) as a matter of law based on prior finding that design lacked acquired distinctiveness as a matter of law).
- b. In contrast, one dispute produced a relatively rare finding that the following shade of purple was sufficiently famous when used in connection with pharmaceutical products to qualify for protection under Section 43(c):



*See Astrazeneca AB v. Dr. Reddy's Labs.*, 117 U.S.P.Q.2d 1182, 1187 (D. Del. 2015) (“[The plaintiff] has provided sufficient evidence to demonstrate that its trademarks are ‘famous.’”).

- c. Another nontraditional mark to be found sufficiently famous to qualify for protection under Section 43(c) was the following configuration:



*See adidas Am., Inc. v. Skechers USA, Inc.*, No. 3:15-CV-01741-HZ, 2016 WL 591760 (D. Or. Feb. 12, 2016). In addition to relying on past opinions reaching similar findings, the court noted evidence and testimony in the preliminary injunction record:

that [the plaintiff] has used [its] trade dress extensively and continuously since the 1970s, and spent significant resources and time in publicizing the [design], that the [design] has enjoyed substantial sales success, and that the [design] has been the subject of numerous media and pop culture references. This evidence supports the conclusion that adidas is likely to succeed in establishing that the [design] is famous.

*Id.* at \*16.

- d. One court declined to grant a motion to dismiss a claim of eligibility for protection under Section 43(c) because, as it explained, “the [counterclaim defendants’] allegation of incontestability is sufficient to allege plausibly the distinctiveness required by the dilution statute,” *A.V.E.L.A., Inc. v. Estate of Marilyn Monroe, LLC*, No. 12 Civ. 4828(KPF), 2015 WL 5507147, at \*16 (S.D.N.Y. Sept. 18, 2015); whether that allegation should have been given dispositive effect in the mark fame inquiry was not addressed.

## 2. Proving Liability

- a. One district court took a restrictive view of the Illinois dilution statute, declining to hold that the defendants’ use of the plaintiff’s mark in publications criticizing the plaintiff’s services diluted the distinctiveness of that mark. *See Doctor’s Data, Inc. v. Barrett*, No. 10 C 03795, 2016 WL 1086510 (N.D. Ill. Mar. 21, 2016). According to the court, “[d]ilution of a trademark’s distinctiveness

generally occurs when consumers are led to mistakenly associate the plaintiff's famous mark with the defendant's inferior product or service, or when a famous mark appears on different goods and services and therefore no longer serves as a unique identifier of the plaintiff's product or service." *Id.* at \*4. The defendant's conduct did not meet that standard because, as the court explained:

Taken together, the allegations and evidence . . . may suggest that [the plaintiff's] reputation was damaged by the defendants' use of its trademarks and that [the plaintiff] suffered financially as a result of that reputational damage. But causing consumers to think less highly of a trademarked product or service—even if accomplished through false or misleading statements—is not equivalent to diluting the distinctiveness of that product or service. Allegations solely of the former nature point not to trademark dilution but to defamation and other similar claims . . . .

*Id.* at \*5.

- b. Another failed claim of likely dilution came in *Louis Vuitton Malletier, S.A. v. My Other Bag, Inc.*, 117 U.S.P.Q.2d 1537 (S.D.N.Y. 2016), in which Louis Vuitton challenged the defendant's sale of handbags featuring an emulation of Vuitton's own bags on one side:



In granting a defense motion for summary judgment, the court held "as a matter of law that [the defendant's] bags are protected as fair use—in particular, that its use of Louis Vuitton's marks constitutes 'parody.'" *Id.* at 1542. In the process, the court rejected Vuitton's claim that the defendant was ineligible for Section 43(c)(3)'s parody exception, which protects "[a]ny fair use . . . of a famous mark by another person *other than as a designation of source for the*

*person's own goods or services.”* 15 U.S.C. § 1125(c)(3) (emphasis added). As the court explained:

Given the overall design of [the defendant’s] tote bags (the identical, stylized text “My Other Bag . . .” on one side and differing caricatures on the other side), and the fact that the bags evoke a range of luxury brands with different graphics, there is no basis to conclude that [the defendant] uses Louis Vuitton’s marks as a designation of source for its tote bags. Indeed, as noted, that is the whole point of [the defendant’s] joke: “My other bag”—that is, not this bag—is a Louis Vuitton handbag.

*Louis Vuitton Malletier*, 117 U.S.P.Q.2d at 1545. Moreover, even if the defendant was ineligible for Section 43(c)(3)’s parody exception, the court held that Vuitton had failed to demonstrate the existence of a factual dispute as to whether the defendant’s bags were likely to dilute the distinctiveness of Vuitton’s registered design under either Section 43(c) or the New York dilution statute, N.Y. GEN. BUS. L. 360-1 (MCKINNEY 1996 & SUPP. 2008); in particular, “it is not enough to show—as Louis Vuitton indisputably can—that members of the public are likely to ‘associate’ the defendant’s mark with the plaintiff’s mark (or that the defendant promotes such association). *Louis Vuitton Malletier*, 117 U.S.P.Q.2d at 1545-46.

- c. In contrast, one court determined the color purple as used on the following pharmaceutical preparations:



was likely to be diluted by the color shown on the following capsule:



*See Astrazeneca AB v. Dr. Reddy’s Labs.*, 117 U.S.P.Q.2d 1182, 1187 (D. Del. 2015). The defendant’s case was not helped by the

evolution of its color scheme to one similar to that of the plaintiffs. *Id.*

- d. In another dispute involving nontraditional marks, the court found on a motion for a preliminary injunction that the following configuration:



was likely to be diluted by the following configuration:



*See adidas Am., Inc. v. Skechers USA, Inc.*, No. 3:15-CV-01741-HZ, 2016 WL 591760 (D. Or. Feb. 12, 2016). In addition to the similarity of the two designs, this determination rested in part on an “expert survey show[ing] that more than twenty percent of respondents believed that the [defendant’s] shoe was made or approved by [the plaintiffs], evidence that a substantial number of consumers actually associate the [defendant’s] shoe with [the plaintiffs].” *Id.* at \*16.

#### D. Proving Cybersquatting

Where in personam actions are concerned, the Anticybersquatting Consumer Protection Act generally provides for civil liability if a plaintiff can prove (1) the defendant registered, trafficked in, or used a domain name; (2) the domain name is identical or confusingly similar to a protected mark owned by the plaintiff; and (3) the defendant acted with a bad-faith intent to profit from that mark. The last of these requirements is governed by nine factors found in Section 43(d)(1)(B)(i), 15 U.S.C. § 1125(d)(1)(B)(i)(I)–(IX), and is subject to a carve-out found in Section 43(d)(1)(B)(ii), which provides that “[b]ad faith intent . . . shall not be found in any case in which the court determines that the person believed and had reasonable grounds to believe that the use of the domain name was a fair use or otherwise lawful.” *Id.* § (d)(1)(B)(ii).

1. One reported opinion served as a reminder that a plaintiff lacking a protectable mark as of the registration of the challenged domain name is in a uniquely poor position to assert a claim for cybersquatting. *See New World*

*Sols., Inc. v. NameMedia Inc.*, No. 11-CV-2763 (KMK), 2015 WL 8958390, at \*22 (S.D.N.Y. Dec. 15, 2015). Perhaps significantly, the court based its conclusion that the plaintiff was not using its mark in 2005 when the defendant registered its domain name in part on the plaintiff's application to register its mark in the USPTO, which recited a 2007 date of first use. *Id.*

2. In a case of first impression for it, the Eleventh Circuit held that the reregistration of an offending domain name can fall within the scope of the ACPA. *See Jysk Bed'N Linen v. Dutta-Roy*, 810 F.3d 767 (11th Cir. 2015).
  - a. In happier times, the plaintiff, which sold furniture under the BY DESIGN mark, had retained the defendant to design its website. As part of that project, the defendant registered the *bydesignfurniture.com* domain name in his personal name. After the parties' relationship fell on hard times, the defendant allowed the domain name to lapse, which took down the plaintiff's website. The plaintiff requested the defendant to reregister the domain name on the plaintiff's behalf, but the defendant once again submitted the application in his own name, after which he offered to assign it to the plaintiff as a quid pro quo for the "over 4,000 hours" of time he has invested into the plaintiff's site. *Quoted in id.* at 771. Noting a split between the Third and the Ninth Circuits on the issue, *compare Schmidheiny v. Weber*, 319 F.3d 581, 582-83 (3d Cir. 2003) (holding bad-faith reregistration of domain name actionable) *with GoPets Ltd. v. Hise*, 657 F.3d 1024, 1032 (9th Cir. 2011) (holding bad-fault reregistration of domain name no actionable), the court sided with the Third Circuit and held the defendant's conduct was actionable. As the court summarized its rationale, "[t]he act does not define the term *register*. The Act nowhere contains the qualifications of *initial* or *creation* when it refers to the act of registering. It simply refers to the fact of registering, and a re-registration is, by definition, a registration." *Jysk Bed'N Linen*, 810 F.3d at 777.
  - b. The court then turned to the merits of the plaintiff's claim the defendant had violated the ACPA. On that issue, the court held:

When [the defendant] re-registered *bydesignfurniture.com* under his own name rather than [the plaintiff's], he was expressing his intent or ability to infringe on [the plaintiff's] trademark. He admitted that he never had used the domain names in the bona fide offering of any goods or services. His demand for money can be looked at in two ways, and they are two sides of the same coin. First, the amount of money demanded could show how much he believes the domain name smudges the goodwill

of the trademark—that is, how much money [the plaintiff] would lose out on if [the defendant] were to use the domain names to misdirect [the plaintiff's] customers. Second, the amount of money demanded could show how much value he believes [the plaintiff] puts on the domain names. In either case, bad-faith intent abounds.

*Id.* at 789. That the defendant may have considered himself owed money from the plaintiff did not affect the plaintiff's entitlement to preliminary injunctive relief from the district court. *Id.* ("[The defendant's] apparent belief that he was entitled to take the domain name hostage in exchange for the alleged contract price in the partnership agreement purportedly entered into by [the plaintiff's] predecessor and [the defendant's company] is without basis in the agreement or in law, and therefore unreasonable.").

3. In a challenge by the owner of the GENERAL STEEL mark for prefabricated steel buildings against the registrant of the *generalsteelscam.com* domain name, the court followed "the general trend in the U.S. courts that decline to find disparaging domain names to be confusingly similar to the marks they incorporate." *Gen. Steel Domestic Sales, LLC v. Chumley*, 129 F. Supp. 3d 1158, 1187 (D. Colo. 2015). It therefore granted summary judgment in the defendant's favor because "domain names that consist of a given mark plus a disparaging suffix—e.g. *walmartsucks.com*, *applestinks.com*—rarely meet the 'confusingly similar' test." *Id.*
4. Although the use of a plaintiff's mark in metatags may be actionable under other theories, one court confirmed that it will not support a claim under the ACPA if the defendant has not registered a domain name confusingly similar to the plaintiff's mark. *See Multifab, Inc. v. ArlanaGreen.com*, 122 F. Supp. 3d 1055, 1067 (E.D. Wash. 2015).
5. Entertaining a claim for reverse domain name hijacking, one court required the plaintiff to prove:
  - (1) that it is a domain name registrant; (2) that its domain name was suspended, disabled, or transferred under a policy implemented by a registrar as described in 15 U.S.C. § 1114(2)(D)(ii)(II); (3) that the owner of the mark that prompted the domain name to be suspended, disabled, or transferred has notice of the action by service or otherwise; and (4) that the plaintiff's registration or use of the domain name is not unlawful under the Lanham Act, as amended.

*Am. Diabetes Ass'n v. Friskney Family Trust, LLC*, No. CV 13-3720, 2016 WL 1359584, at \*12 (E.D. Pa. Apr. 6, 2016) (quoting *Barcelona.com, Inc.*

v. *Excelentísimo Ayuntamiento de Barcelona*, 330 F.3d 617, 626–27 (4th Cir. 2003)). Because the plaintiff’s claim rested on the allegation that the defendant had requested a “registrar lock” on the plaintiff’s domain name, the court determined the plaintiff could not satisfy the second of these requirements, and it therefore entered summary judgment in the defendant’s favor. In the process, the court rejected the plaintiff’s claim of disablement grounded in the argument that, as summarized by the court, “the lock prevented him from entering into contracts with other companies, thus impeding his ability to conduct business operations.” *Id.*

### III. PROVING PASSING OFF AND REVERSE PASSING OFF

In *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23 (2003), the Supreme Court adopted a restrictive interpretation of Section 43(a)(1)(A) of the Lanham Act, 15 U.S.C. § 1125(a)(1)(A) (2012), which reduced that section’s utility as a mechanism for challenging allegations of reverse passing off unless the gravamen of those allegations was that the defendant had taken physical goods originating with the plaintiff and had sold them as its own. In doing so, however, the Court expressly acknowledged in dictum that a false advertising cause of action under Section 43(a)(1)(B) remained an option for a plaintiff seeking to challenge a defendant who, “in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or another person’s goods, services, or commercial activities.” *Id.* § 1125(a)(1)(B).

- A. In a case involving the sale by a group of counterclaim defendants of “cloned” emergency lighting products, the Sixth Circuit confirmed that the essence of the cause of action for reverse passing off is a defendant’s “sell[ing] someone else’s goods or services, misrepresenting them as its own—for instance, the Coca-Cola Company taking Pepsi-Cola’s flagship product and marketing it as the Coca-Cola Company’s own product.” *Kehoe Component Sales Inc. v. Best Lighting Prods., Inc.*, 796 F.3d 576 (6th Cir. 2015). It was undisputed the physical goods underlying the parties’ dispute originated with the counterclaim defendants, and that consideration doomed the counterclaim plaintiff’s claim of reverse passing off:

[The counterclaim defendants] manufactured the tangible cloned objects that [they] represented as having manufactured. The undisputed facts thus show that [the counterclaim defendants] never made a false designation of the products’ “origin” within the meaning of § 43(a). [The counterclaim defendants] represented that the cloned products originated with [the counterclaim defendants]; and even though the ideas and initial design may well have originated with [the plaintiff], the tangible products themselves did not. For purposes of the Lanham Act, the physical products originated with [the counterclaim defendants], the entity that manufactured them. Where the initial ideas for the products came from is irrelevant.

*Id.* at 587 (citation omitted).

- B. The denial of a motion to dismiss similarly held in a suit brought by a plaintiff that produced karaoke accompaniment tracks. *See Slep-Tone Entm't Corp. v. Sellis Enters.*, 87 F. Supp. 3d 897 (N.D. Ill. 2015). The plaintiff's complaint alleged the defendants, operators of a bar, had retained karaoke jockeys using "media-shifted" copies of the plaintiff's tracks. Citing *Dastar*, the defendants challenged the adequacy of the plaintiff's averments of infringement, but they did so unsuccessfully. In denying the defendant's motion, the court observed, "[i]n the context of *Dastar*, the thrust of [the defendants'] argument is that [the plaintiff] cannot have alleged a Lanham Act violation where [the plaintiff's] own mark is applied to its own original goods." *Id.* at 905. That position, the court held, "ignores a significant portion of [the plaintiff's] complaint—it claims that karaoke operators engage in media and format shifting, creating tracks on both a new hard medium and in a completely new format." *Id.* Specifically, "[t]he media and format shifting operates as an independent creation event, placing a new 'good' in the marketplace," thereby creating an incongruity between the producer of the good and the owner of the mark appearing on it and rendering *Dastar* inapposite. *Id.*
- C. Finally, one California federal district court distinguished between the torts of passing off and reverse passing off in a case brought by a group of graffiti artists. *See Williams v. Roberto Cavalli S.p.A.*, 113 U.S.P.Q.2d 1944 (C.D. Cal. 2015). The gravamen of the plaintiffs' complaint was that they had produced a mural, portions of which the defendants had misappropriated and used on various articles of clothing. One of the plaintiffs asserted a Section 43(a)-based claim against this alleged conduct, which the defendants, relying on *Dastar*, moved to dismiss. The court denied the motion, noting the claim in question accused the defendants of creating the "false and deceptive impression" that the defendants' clothing was associated with or manufactured by the plaintiffs. *Quoted in id.* at 1948. The court explained that "[t]his conduct constitutes passing off, which occurs when a producer sells its own goods while misrepresenting that they were made by another. Since [the plaintiff] alleges passing off, rather than reverse passing off, *Dastar* does not preclude [the plaintiff's] Lanham Act claim." *Id.* Moreover, this was true even though the same alleged conduct was the basis of a copyright claim as well. *Id.* ("Moving Defendants point to no authority that supports their proposition that a design may not be protected by both the Lanham Act and copyright law. . . . The Court is persuaded . . . that a defendant can simultaneously violate the Lanham Act and copyright law.").

#### IV. PROVING FALSE ADVERTISING

- A. In an appeal from the dismissal of a false advertising cause of action for failure to state a claim, the Sixth Circuit addressed the issue of whether the dissemination of an e-mail inaccurately asserting the parties were "partnering" with each other—in reality, the defendants were attempting to poach the plaintiffs' clients—constituted "actionable commercial advertising and promotion," as required by Section 43(a). *See Grubbs v. Sheakley Grp.*, 807 F.3d 785 (6th Cir. 2015). That the challenged e-mail went to twenty-two recipients led the district court to an-

swer the question in the negative, but the Sixth Circuit declined to reach the same conclusion. Adopting a doctrinal test on the issue for the first time, the appellate court held:

We . . . define “commercial advertising or promotion” as: (1) commercial speech; (2) for the purpose of influencing customers to buy the defendant’s goods or services; (3) that is disseminated either widely enough to the relevant purchasing public to constitute advertising or promotion within that industry or to a substantial portion of the plaintiff’s or defendant’s existing customer or client base.

*Id.* at 801. It then held that the challenged e-mail “fits squarely within this definition of ‘commercial promotion.’” *Id.* at 802. In particular, “[a]s Plaintiffs plead in their Complaint, this e-mail represented the culmination of a plan to move the [plaintiffs’] clients to [the defendants], and intended to induce them into transferring their business.” *Id.* at 802-03.

- B. The Fourth Circuit affirmed a finding as a matter of law that a challenged statement was a nonactionable opinion. *See Design Resources, Inc. v. Leather Indus. of Am.*, 789 F.3d 495 (4th Cir. 2015). The plaintiff sold a product it described as “bonded leather” but which consisted mostly of polyurethane. An article carried by a leading trade journal quoted a defendant—a leather chemist—characterizing the phrase as “bound to confuse consumers” and “deceptive because it does not represent the true nature” of the products associated with it. *Quoted in id.* at 504. The district court held on the defendant’s motion for summary judgment his statement was not a verifiable factual representation, and the Fourth Circuit agreed: “[A] prediction about a term’s power to deceive expresses only an opinion about the term’s likely effect on consumers; it is not a representation of fact—false or otherwise—and is thus not actionable under the Lanham Act.” *Id.* at 505.
- C. The Sixth Circuit confirmed that Section 43(a)(1)(B) of the Lanham Act, 15 U.S.C. § 1125(a)(1)(B) (2012), is not available to protect the intellectual provenance of tangible goods. *See Kehoe Component Sales Inc. v. Best Lighting Prods., Inc.*, 796 F.3d 576 (6th Cir. 2015). The goods in question were emergency lighting products, which the counterclaim defendants had produced using molds entrusted to them by the counterclaim plaintiff at an earlier stage of the parties’ relationship. Among the causes of action successfully asserted by the counterclaim plaintiff at trial was one for false advertising grounded in the theory that the counterclaim defendants had inaccurately represented themselves as the origin of the goods. That success, however, did not survive the counterclaim defendants’ appeal. To the contrary, the Sixth Circuit held of Section 43(a)(1)(B) that:

The statute does not encompass misrepresentations about the source of the ideas embodied in the object (such as a false designation of authorship); to hold otherwise would be to project the Lanham Act into the province of the Copyright and Patent Acts.

The district court did not find that [the counterclaim defendants] made any false representation about the characteristics of the cloned products themselves; it found that [the counterclaim defendants'] advertisements were false only because they represented that [the counterclaim defendants], rather than [the counterclaim plaintiff], [were] the intellectual origin of the products. Because [Section 43(a)(1)(B)] does not impose liability for misrepresenting the intellectual progenitor of a tangible product, the district court erred in finding that [the counterclaim defendants'] conduct violated the statute. Its judgment finding [the counterclaim defendants] liable on both Lanham Act claims is reversed.

*Id.* at 590.

- D. The Eleventh Circuit addressed a question of first impression for it, namely, whether a cause of action exists for contributory false advertising under Section 43(a)(1)(B). See *Duty Free Ams., Inc. v. Estee Lauder Cos.*, 797 F.3d 1248 (11th Cir. 2015). In holding it does, the court noted as a general matter that “contributory liability under the Lanham Act is a judicially created doctrine.” *Id.* at 1274. It then looked to the font of that judicial creation, the Supreme Court’s application of Section 43(a)(1)(A)’s unfair competition cause of action in *Inwood Labs. v. Ives Labs.*, 456 U.S. 844 (1982), observing that “when a claim involves trademark infringement, a manufacturer or distributor can be liable if it ‘intentionally induces another to infringe a trademark’ or ‘continues to supply its product to one whom it knows or has reason to know is engaging in trademark infringement.’” *Duty Free Ams.*, 797 F.3d at 1274 (quoting *Inwood*, 456 U.S. at 854). That test, the court concluded, was equally applicable under Section 43(a)(1)(B) because:

These prohibitions [against unfair competition and false advertising] are found in the same statutory provision, and they share the same introductory clause. . . . The placement of the two prohibitions in the same statutory section—and correspondingly, the fact that the introductory language banning both practices is identical—suggests the two causes of action should be interpreted to have the same scope.

*Id.* at 1275. This meant a plaintiff alleging contributory false advertising must make a two-part showing: “First, the plaintiff must show that a third party in fact directly engaged in false advertising that injured the plaintiff. Second, the plaintiff must allege that the defendant contributed to that conduct either by knowingly inducing or causing the conduct, or by materially participating in it.” *Id.* at 1277. That holding represented an initial victory for the plaintiff, whose cause of action had been dismissed for failure to state a claim after the district court declined to recognize the tort of contributory false advertising in the first instance. Unfortunately for the plaintiff, however, the ultimate outcome was the same, as its allegations failed even to satisfy the Eleventh Circuit’s new test. As the court explained, “[c]ontributory false advertising claims are cognizable under the Lanham Act, but

a plaintiff must allege more than an ordinary business relationship between the defendant and the direct false advertiser in order to plausibly plead its claim.” *Id.*

- E. An Ohio appellate panel distinguished between Section 43(a)(1)(A) and Section 43(a)(1)(B) in affirming a judgment of nonliability under the former. *See Jascar Enters. v. Body By Jake Enters.*, 40 N.E.3d 689 (Ohio Ct. App. 2015). As the court explained, Section 43(a)(1)(A) reaches only a defendant’s misrepresentations about its own product, while Section 43(a)(1)(B) can reach misrepresentations about a plaintiff’s product. *Id.* at 695.

## V. PROVING RIGHT-OF-PUBLICITY VIOLATIONS AND FALSE ENDORSEMENT

The past year produced a number of cases addressing claims by plaintiffs that their personas, or those of their predecessors, had been misappropriated. Some of those claims were based on state-law causes of action sounding in violations of the plaintiffs’ rights of publicity, whether arising under statutes or the common law. Others, however, were based on the false endorsement prong of Section 43(a)(1)(A), 15 U.S.C. § 1125(a)(1)(A).

- A. The Eighth Circuit declined to allow a professional wrestler to bring a right of publicity claim against ESPN based on ESPN’s rebroadcast of his matches without his consent. *See Ray v. ESPN, Inc.*, 783 F.3d 1140 (8th Cir. 2015) (per curiam). As the court explained, the plaintiff’s claim was preempted by the Copyright Act because the recordings of the matches were within the subject matter of copyright protection and the right asserted by the plaintiff was equivalent to the exclusive rights within the general scope of copyright. *Id.* at 1142-44.
- B. A defense motion to dismiss proved similarly successful in a case in which fast-food restaurant chain Wendy’s distributed promotional footbags along with an insert that identified the plaintiff as holding the world record of 63,326 consecutive kicks. *See Martin v. Wendy’s Int’l, Inc.*, No. 15 C 6998, 2016 WL 1730648 (N.D. Ill. May 2, 2016). As the court explained in holding that the plaintiff had failed to state a claim for false endorsement under Section 43(a):

[I]t is not plausible that the mere use of plaintiff’s name and record in the instructions for a game defendants distributed to Wendy’s Kid’s Meal customers, as an illustrative example of how to play the game and with the intent that the customers would play that game with their families, was likely to confuse anyone as to whether plaintiff endorsed the toys defendants distributed, whether he was in any sense the source of the toys defendants distributed, or whether he was at all associated with them.

*Id.* at \*9.

- C. In substantial part because of the lack of uniformity between state right of publicity causes of action, one California district declined to grant class certification to a

group of athletes challenging a vendor of photographs of the athletes. *See Lightbourne v. Printroom Inc.*, No. SACV13876JLSRNBX, 2015 WL 4604804, at \*7 (C.D. Cal. July 30, 2015).

## VI. CONSTITUTIONAL ISSUES

- A. In affirming the summary disposition of a false advertising cause of action, the Second Circuit held that “representations commensurate with information in an FDA label generally cannot form the basis for Lanham Act liability.” *Apotex Inc. v. Acorda Therapeutics, Inc.*, No. 14-4353-CV, 2016 WL 2848911, at \*8 (2d Cir. May 16, 2016). It did so because the summary judgment record demonstrated most of the advertisements at issue merely repeated information found on labels for the defendant’s goods that previously had secured FDA approval. As to those advertisements, the court concluded that as bright-line rule against liability “rightfully insulates pharmaceutical companies from liability when they engage in First Amendment speech that is consistent with the directive of the regulatory body having oversight of product labels.” *Id.* at \*8.
- B. A Pennsylvania federal district court proved decidedly unsympathetic to a false advertising-based challenge to a political memoir. *Keel v. Axelrod*, No. CV 15-1507, 2015 WL 7733973 (E.D. Pa. Dec. 1, 2015). The gravamen of the plaintiff’s cause of action was that the defendant had falsely claimed credit for a political strategy that properly belonged to the plaintiff. In dismissing the complaint for failure to state a claim, the court rejected the plaintiff’s argument that, because the defendant’s book was sold at a profit, the book necessarily was ineligible for First Amendment protection: “[S]peech does not lose its broad First Amendment protection ‘even though it is carried in a form that is “sold” for profit.’” *Id.* at \*7 (quoting *Va. State Bd. of Pharmacy v. Va. Citizens Consumer Coun., Inc.*, 425 U.S. 748, 761 (1976)).
- C. In a case in which the plaintiffs accused the defendants’ sales agents of misrepresenting their affiliation with the plaintiffs, the court rejected the defendants’ argument that the First Amendment protected the agents’ conduct. *See ADT, LLC v. Capital Connect, Inc.*, No. 3:15-CV-2252-G, 2015 WL 6549277 (N.D. Tex. Oct. 28, 2015). As the court explained, “preventing people from violating the Lanham Act does not restrain speech in violation of the First Amendment.” *Id.* at \*15.
- D. In contrast, a different court granted a motion to dismiss allegations of false advertising based on statements made to the media by representatives of ride-sharing service Uber. *See L.A. Taxi Coop., Inc. v. Uber Techs., Inc.*, 114 F. Supp. 3d 852 (N.D. Cal. 2015). According to it, “[s]tatements made to the media and published in a journalist’s news article concerning a matter of public importance are not commercial speech, and are protected under the First Amendment.” *Id.* at 864.

## VII. PROCEDURAL ISSUES

### A. Issue Preclusion (Collateral Estoppel)

As the Supreme Court has held, “[a]llowing the same issue to be decided more than once wastes litigants’ resources and adjudicators’ time, and it encourages parties who lose before one tribunal to shop around for another. The doctrine of collateral estoppel or issue preclusion is designed to prevent this from occurring.” *B & B Hardware, Inc. v. Hargis Industries*, 135 S. Ct. 1293, 1298-99 (2015). In the wake of the Supreme Court’s opinion in *B & B Hardware*, three courts gave issue-preclusive effect to prior Board determinations.

1. The first such outcome came in *B & B* itself on remand, in which the Board’s prior determination of likely confusion received preclusive effect. *See B & B Hardware, Inc. v. Hargis Indus.*, 800 F.3d 427 (8th Cir. 2015) (per curiam). In that case, the Eighth Circuit held that:

Having reviewed the [parties’ supplemental] briefing, we now determine that the ordinary elements of issue preclusion have been met and the usages of the marks adjudicated before the TTAB were materially the same as the usages before the district court. As noted in our prior opinions, the TTAB compared the marks in question in the marketplace context when it determined the likelihood of confusion issue for purposes of trademark registration.

*Id.* at 427.

2. Likewise, in *Nationstar Mortg. LLC v. Ahmad*, No. 1:14-CV-1751, 2015 WL 9274920 (E.D. Va. Dec. 17, 2015), the court gave preclusive effect to a prior Board finding of fraud. *Id.* at \*5.
3. Finally, in *Ashe v. PNC Fin. Servs. Grp.*, No. PWG-15-144, 2015 WL 7252190, (D. Md. Nov. 17, 2015), the defendant successfully availed itself of an earlier unappealed finding by the Board that the defendant enjoyed priority of rights vis-à-vis the plaintiff. *Id.* at \*3-6.

### B. Claim Preclusion (Res Judicata)

Claim preclusion, or res judicata, prohibits parties from relitigating issues that were or could have been raised by the parties in an earlier action resulting in a final judgment on the merits. *See generally Federated Dep’t Stores, Inc. v. Moitie*, 452 U.S. 394, 398 (1981).

1. *B & B Hardware* does not mean that the Board’s disposition of a case on a purely procedural ground should have issue-preclusive effect, because, as one court properly recognized, such a scenario must be evaluated under a claim-preclusion rubric. *See CSL Silicones Inc. v. Midsun Grp.*, No.

3:14-CV-01897 (CSH), 2016 WL 1060189 (D. Conn. Mar. 15, 2016). In the case before that court, a petitioner for cancellation had withdrawn its abandonment-based petition without the respondent's permission, which had resulted in judgment being entered against it. When the petitioner again alleged abandonment in the context of an infringement action, the respondent sought to have the Board's disposition of the cancellation action given preclusive effect, but the court declined to do so. It noted that “[c]laim preclusion operates to bar a second trademark proceeding where: '(1) there is identity of parties (or their privies); (2) there has been an earlier final judgment on the merits of a claim; and (3) the second claim is based on the same set of transactional facts as the first.’” *Id.* at \*11 (quoting *Jet, Inc. v. Sewage Aeration Sys.*, 223 F.3d 1360, 1362 (Fed. Cir. 2000)). Notwithstanding a superficial similarity between the petitioner's two attacks on the respondent's registration, the court held they were not based on the same transactional facts because the second one alleged a period of nonuse postdating the original period alleged in the petition for cancellation:

Here, [the petitioner] has credibly stated that in litigating the merits of its cause of action for cancellation of [the respondent's registration], this Court will necessarily be adjudicating facts that post-date [the petitioner's] initial trademark registration challenge. The Court therefore finds that [the petitioner] has stated a plausible claim that because its present challenge to [the respondent's] registration . . . will necessarily involve the litigation of facts that occurred [after the original period of nonuse], it will not be based on the same set of transactional facts as its first petition.

*Id.* at \*12 (internal quotation marks omitted).

2. Nevertheless, and although most courts addressing the issue have concluded that allegations of likely confusion in the inter partes context and the infringement context do not present the same claim for the purpose of the claim-preclusion inquiry, *see, e.g., Tonka Corp. v. Rose Art Indus.*, 863 F. Supp. 200, 213 (D.N.J. 1993), one court appeared to reach the contrary result. *See V.V.V. & Sons Edible Oils Ltd. v. Meenakshi Overseas LLC*, No. 214CV02961TLNCKD, 2016 WL 1268008, at \*7 (E.D. Cal. Mar. 31, 2016) (“[T]he rights at issue, trademark infringement and dilution, are the same fundamental rights that were at issue in the TTAB opposition proceeding.”). Nevertheless, it ultimately declined to reach a holding of claim preclusion for other reasons.

## VIII. DEFENSES

### A. Abandonment

Trademark law contemplates two scenarios in which a mark owner can lose the rights to its mark through abandonment: (1) a discontinuance of use coupled with an intent not to resume use; and (2) conduct by the mark owner that causes the mark to lose its significance as an indicator of source, *e.g.*, the grant of so-called “naked licenses,” under which the mark owner does not control the nature and quality of the goods and services provided under the licensed mark.

1. In rejecting as a matter of law a claim of abandonment based on alleged nonuse, a California district was influenced by the plaintiff’s ongoing sales of goods bearing its marks. *See Macy’s Inc. v. Strategic Marks, LLC*, 117 U.S.P.Q.2d 1743 (N.D. Cal. 2016). Perhaps anticipating that result, the defendant argued the plaintiff’s uses were merely ornamental and, additionally, that the totality of the circumstances created a factual dispute as to whether those uses were bona fide in nature. Following its rejection of the former proposition, the court limited the applicability of the totality-of-the-circumstances test to priority disputes, holding it inapplicable in the abandonment context. *Id.* at 1749. That doomed the defendant’s assertion of abandonment, as to which the plaintiff prevailed as a matter of law.
2. Although the Trademark Trial and Appeal Board is typically unreceptive to claims of ongoing use based on downstream sales by third-party retailers, *see, e.g., Parfums Nautee Ltd. v. Am. Int’l Indus.*, 22 U.S.P.Q.2d 1306 (T.T.A.B. 1992), a Washington federal district court denied a defense motion for summary judgment by relying on evidence of just such sales. *See Clearly Food & Beverage Co. v. Top Shelf Beverages, Inc.*, 102 F. Supp. 3d 1154, 1164-65 (W.D. Wash. 2015).
3. One court reached the usual result in addressing a claim of abandonment through naked licensing, which was to reject it. *See Paleteria La Michoacana, Inc. v. Productos Lacteos Tocumbo S.A. de C.V.*, No. CV 11-01623 (RC), 2016 WL 3034150 (D.D.C. May 27, 2016). It did so based on the licensor’s showing that:

[The licensor’s] licensees are closely related to [its] directors and owners. They are all members of the [same] family, and they regard their businesses as being part of a family tradition that stretches back generations. The licensees testified that they had grown up visiting their family members’ [businesses] and learning their trade.

*Id.* at \*50. That “[the licensor’s] quality control efforts certainly leave much to be desired” did not affect the result. *Id.*

4. Whatever the theory of abandonment that may be in play, one court confirmed abandonment is an affirmative defense that must be pleaded in response to a complaint or it will be waived. *See Mountain Mktg. Grp., LLC v. Heimerl & Lammers, LLC*, No. 14-CV-846 SRN/BRT, 2015 WL 5602805, at \*5 (D. Minn. Sept. 23, 2015).

## B. Laches

1. The standard doctrinal test for laches remained unchanged, although courts differed on whether it comprised two or three enumerated elements: *Compare Anhing Corp. v. Thuan Phong Co.*, No. CV1305167BROMANX, 2015 WL 4517846, at \*6 (C.D. Cal. July 24, 2015) (“A defendant asserting laches must prove both of the following: (1) that the plaintiff’s delay in filing suit was unreasonable, and (2) that the defendant will suffer prejudice from the delay.”) *with RGB Plastic, LLC v. First Pack, LLC*, No. 14 C 08744, 2016 WL 2602423, at \*16 (N.D. Ill. May 4, 2016) (“To establish a laches defense, [the defendant] must show that (1) [the plaintiff] had knowledge of [the defendant’s] use of an allegedly infringing mark; (2) [the plaintiff] inexcusably delayed in taking action with respect to [the defendant’s] use; and (3) [the plaintiff’s] delay prejudiced [the defendant].”).
2. Some courts confirmed that “[i]f the plaintiff files suit within the analogous statute of limitations period, there is a presumption that laches does not apply. But the presumption is reversed if the plaintiff files suit after the analogous limitations period has expired.” *Anhing Corp. v. Thuan Phong Co.*, No. CV1305167BROMANX, 2015 WL 4517846, at \*6 (C.D. Cal. July 24, 2015) (citation omitted) (internal quotation marks omitted); *see also Kehoe Component Sales Inc. v. Best Lighting Prods., Inc.*, 796 F.3d 576, 584-85 (6th Cir. 2015) (“If the plaintiff has filed its Lanham Act claim within the time that it would have been required to file in the forum state a state-law claim for injury to personal property, then the plaintiff’s delay in asserting its rights is presumptively reasonable. But a delay beyond the analogous limitations period is presumptively prejudicial and unreasonable.” (citation omitted) (internal quotation marks omitted)); *Alfa Laval Inc. v. Flowtrend, Inc.*, No. CV H-14-2597, 2016 WL 2625068, at \*6 (S.D. Tex. May 9, 2016) (“Because the Lanham Act contains no express limitations period, Courts look to the most analogous state law statute of limitations to determine the applicable laches period.”); *RGB Plastic, LLC v. First Pack, LLC*, No. 14 C 08744, 2016 WL 2602423, at \*17 (N.D. Ill. May 4, 2016) (referring to analogous state statute of limitations because “[t]he Lanham Act does not have a statute of limitations”); *Dynamic Measurement Grp. v. Univ. of Oregon*, 121 F. Supp. 3d 1047, 1051 (D. Or. 2015) (“[I]f a plaintiff files an action before the statute of limitations has expired, there is a strong presumption that laches is inapplicable. Similarly, if the plaintiff files an action after the limitations period has expired, then there is a presumption that laches is applicable.” (citation omitted)).

3. Reaching the usual result, some courts declined to grant laches-based defense motions to dismiss for failure to state a claim, noting that the question of laches was “primarily a fact-based issue.” *Obesity Research Inst., LLC v. Fiber Research Int’l, LLC*, No. 15-CV-00595-BAS(MDD), 2016 WL 739796, at \*10 (S.D. Cal. Feb. 25, 2016); *see also Champion Labs., Inc. v. Cent. Illinois Mfg. Co.*, No. 14 C 9754, 2016 WL 164364, at \*5 (N.D. Ill. Jan. 14, 2016); *cf. Spiral Direct, Inc. v. Basic Sports Apparel, Inc.*, No. 615CV641ORL28TBS, 2015 WL 9450575, at \*4 (M.D. Fla. Nov. 24, 2015) (declining to dismiss defendants’ assertion of laches for failure to state a claim).
4. In contrast, one court determined from the face of the complaint before it that the plaintiff was guilty of laches and therefore dismissed the plaintiff’s causes of action at the pleading stage. *See Free Kick Master LLC v. Apple Inc.*, No. 15-CV-3403-PJH, 2016 WL 777916, at \*5 (N.D. Cal. Feb. 29, 2016).
5. Although laches is an affirmative defense, one court excused a failure by the defendants before it to raise the doctrine in their response to the plaintiff’s complaint, citing the defendants’ disclosure of their intent to rely on laches in the parties’ jointly submitted Rule 26 report. *See Vision Info. Techs., Inc. v. Vision IT Servs. USA, Inc.*, No. 15-10592, 2016 WL 126058, at \*5 (E.D. Mich. Jan. 12, 2016). The same court also held that, although a finding of laches might bar the issuance of monetary relief, such a finding will not ordinarily preclude the entry of injunctive relief. *Id.* at \*8.
6. In denying a defense motion for summary judgment, a Florida federal district court relied on the equitable nature of laches, holding that “[i]t is well established that ‘laches is not a defense against injunctive relief when the defendant intended the infringement.’” *Flat Rate Movers, Ltd. v. FlatRate Moving & Storage, Inc.*, 104 F. Supp. 3d 371, 383 (S.D.N.Y. 2015) (quoting *Hermes Int’l v. Lederer de Paris Fifth Ave., Inc.*, 219 F.3d 104, 107 (2d Cir. 2000)); *accord Obesity Research Inst., LLC v. Fiber Research Int’l, LLC*, No. 15-CV-00595-BAS(MDD), 2016 WL 739796, at \*10 (S.D. Cal. Feb. 25, 2016) (“[A] party with unclean hands may not assert laches.”).
7. One court confirmed that the Lanham Act recognizes laches as a defense against allegations of false advertising, as well as allegations of trademark infringement. *See Dynamic Measurement Grp. v. Univ. of Or.*, No. 6:14-CV-01295-TC, 2015 WL 4644637, at \*16 (D. Or. Aug. 4, 2015).

### C. Acquiescence

1. Most courts applied the standard test for acquiescence: “The elements of a *prima facie* case for acquiescence are as follows: (1) the senior user active-

ly represented that it would not assert a right or a claim; (2) the delay between the active representation and assertion of the right or claim was not excusable; and (3) the delay caused the defendant undue prejudice.” *Wallowack v. Idexx Labs.*, No. 11CV2996-GPC KSC, 2015 WL 5943844, at \*14 (S.D. Cal. Oct. 13, 2015).

2. Noting that “an equitable defense like acquiescence is not ordinarily susceptible to resolution at the pleading stage,” the Seventh Circuit reversed the grant of a defense motion to dismiss for failure to state a claim. *See Hyson USA, Inc. v. Hyson 2U, Ltd.*, No. 14-3261, 2016 WL 2849334, at \*4 (7th Cir. May 16, 2016). As it explained:

[The plaintiff’s] complaint does not unambiguously establish the affirmative defense of acquiescence. . . . There are no allegations that [the plaintiff] made any active representations—by word or deed—that [it] would not assert a right or claim regarding the [disputed] trademark. The other two elements of the defense—delay and undue prejudice—cannot alone support a finding of acquiescence, so we need say no more about them here.

*Id.*

#### **D. Unclean Hands**

1. One court explained the unclean hands doctrine in the following manner: “[T]he affirmative defense of unclean hands requires the proponent to show that (1) ‘the plaintiff’s wrongdoing is directly related to the claim,’ and (2) that ‘the defendant was personally injured by the wrongdoing.’” *USA Nutraceuticals Grp. v. BPI Sports, LLC*, No. 15-CIV-80352, 2016 WL 695596, at \*10 (S.D. Fla. Feb. 22, 2016) (quoting *Bailey v. TitleMax of Georgia, Inc.*, 776 F.3d 797, 801 (11th Cir. 2015)); *see also Bauer Bros. v. Nike, Inc.*, No. 09CV500-WQH-BGS, 2016 WL 411065, at \*9 (S.D. Cal. Feb. 3, 2016) (“The doctrine of unclean hands bars relief to a plaintiff who has violated conscience, good faith or other equitable principles in his prior conduct, as well as to plaintiff who has dirtied his hands in acquiring the right presently asserted.” (quoting *Seller Agency Council, Inc. v. Kennedy Ctr. for Real Estate Educ.*, Inc., 621 F.3d 981, 986 (9th Cir. 2010)).
2. Despite the usual rule that a plaintiff’s allegedly unclean hands must relate to the acquisition of the rights the plaintiff seeks to protect, *see, e.g., USA Nutraceuticals Grp.*, 2016 WL 695596, at \*10, one court declined to dismiss the defense on a motion for summary judgment, citing the defendants’ allegations the plaintiff had engaged in the same sort of advertising of which it was complaining. *See Select Comfort Corp. v. Baxter*, No. CV 12-2899 (DWF/SER), 2016 WL 158516, at \*16 (D. Minn. Jan. 13, 2016).

3. On what might seem like more promising facts, a counterclaim defendants claimed unclean hands based on the counterclaim plaintiff's submission to the USPTO of digitally altered specimens. *See Paleteria La Michoacana, Inc. v. Productos Lacteos Tocumbo S.A. de C.V.*, No. CV 11-01623 (RC), 2016 WL 3034150 (D.D.C. May 27, 2016). The court was nonplussed, and it declined to hold the counterclaim plaintiff's claims barred by unclean hands. As it explained, “[the counterclaim defendants] did not present any evidence to the Court indicating who was responsible for these images or their intentions in submitting them to the USPTO.” *Id.* at \*53.

## E. Descriptive Fair Use

1. One federal district court explained the descriptive fair use defense in the following manner:

Fair use is an affirmative defense to trademark infringement. Under the common law classic fair use defense codified in [Section 33(b)(5)] of the Lanham Act . . . a junior user is always entitled to use a descriptive term in good faith in its primary, descriptive sense other than as a trademark. The classic fair use analysis is appropriate where a defendant has used the plaintiff's mark only to describe his own product, and not at all to describe the plaintiff's product. To establish a classic fair use defense, a defendant must prove the following three elements: 1. Defendant's use of the term is not as a trademark or service mark; 2. Defendant uses the term fairly and in good faith; and 3. Defendant uses the term only to describe its goods or services.

*Bauer Bros. v. Nike, Inc.*, No. 09CV500-WQH-BGS, 2016 WL 411065, at \*6 (S.D. Cal. Feb. 3, 2016) (alteration accepted) (internal quotation marks omitted). It then erred by asserting in the face of the Supreme Court's holding to the contrary in *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111 (2004), that “the classic fair use defense is not available if there is a likelihood of customer confusion as to the origin of the product.” *Bauer Bros.*, 2016 WL 411065, at \*6.

2. The WD-40 Company successfully asserted descriptive fair use as an affirmative defense after being sued for introducing a spray lubricant featuring the word “inhibitor” on its packaging:



*See Sorensen v. WD-40 Co.*, 792 F.3d 712 (7th Cir. 2015). The district found as a matter of law that the use of the word was a fair descriptive one, and the Seventh Circuit concurred. The Seventh Circuit disagreed with the methodology used by the district court in determining that WD-40's use was non-trademark in nature, which rested heavily on the concurrent use of the WD-40 mark, but the appellate court nevertheless held that "no reasonable juror looking at a bottle of Long-Term Corrosion Inhibitor could conclude that the word is used as an indicator of source." *Id.* at 724. The plaintiff was equally unsuccessful challenging the district court's determination that "inhibitor" was descriptive of the associated product, with the Seventh Circuit concluding:

There can be no dispute here that the word "inhibitor," following the word "corrosion," describes a characteristic of WD-40's product, which contains [a volatile corrosion inhibitor] and is meant to inhibit corrosion for a long period of time. Multiple competing products made by third parties use the word "inhibitor" to describe their products, and WD-40 uses the word multiple times on its bottle in a manner that is clearly non-source identifying.

*Id.* Finally, the court rejected the plaintiff's argument that WD-40's knowledge of the plaintiff's prior use and registration of the INHIBITOR mark for a rust-inhibiting product created a factual dispute as to WD-40's good faith. *Id.* at 725. On the contrary, "[t]o survive summary judgment, a plaintiff must point to something more than suggests subjective bad faith; [the plaintiff] has not done so here." *Id.*

## F. Nominative Fair Use

1. Although the Ninth Circuit’s most recent opinions on the issue have treated nominative fair use as something a plaintiff must overcome as part of its *prima facie* case, *Toyota Motor Sales v. Tabari*, 610 F.3d 1171, 1183 (9th Cir. 2010), one panel of that court characterized the doctrine as an affirmative defense to be proven by the defendant. *See Adobe Sys. Inc. v. Christensen*, 809 F.3d 1071, 1081 (9th Cir. 2015) (“We have long recognized that nominative fair use is a defense to a trademark claim.”).
2. Relying on Section 43(c)(3)(A)(ii)’s nominative fair use “exclusion,” which it treated as an affirmative defense, the Fourth Circuit reached a finding of no likelihood of dilution by tarnishment as a matter of law in a declaratory judgment action brought by a non-profit organization and its founder to defend their use in connection with anti-abortion activities of the National Association for the Advancement of Colored People’s NAACP mark. *See Radiance Found. v. NAACP*, 786 F.3d 316 (4th Cir. 2015). That use consisted in significant part of the mark’s presentation as an acronym for “National Association for the Abortion of Colored People,” which allegedly captured the NAACP’s position on abortion and not surprisingly “triggered a counterclaim under Section 43(c) by the NAACP. Although the district court found after a bench trial that the NAACP had satisfied each of the prerequisites for a finding of liability in the first instance, the appellate court faulted the lower court for having failed to consider whether the counterclaim defendants had merely engaged in a nominative fair use of the NAACP’s mark to criticize the civil rights organization. Because “it is abundantly clear that [the counterclaim defendants] used ‘NAACP’ in conjunction with ‘National Association for the Abortion of Colored People’ to comment upon and criticize the NAACP for its perceived position on abortion and other issues affecting the African American community,” the Fourth Circuit vacated the finding of liability. *Id.* at 331.
3. Squarely addressing the question for the first time, the Second Circuit held that nominative fair use is an affirmative defense. *See Int’l Info. Sys. Sec. Certification Consortium, Inc. v. Sec. Univ., LLC*, No. 14-3456-CV, 2016 WL 2893172 (2d Cir. May 18, 2016). According to that court:

[I]n addition to considering the [standard likelihood-of-confusion] factors, courts are to consider (1) whether the use of the plaintiff’s mark is necessary to describe both the plaintiff’s product or service and the defendant’s product or service, that is, whether the product or service is not readily identifiable without use of the mark; (2) whether the defendant uses only so much of the plaintiff’s mark as is necessary to identify the product or service; and (3) whether the defendant did anything that would, in conjunction with

the mark, suggest sponsorship or endorsement by the plaintiff holder . . . .

*Id.* at \*1.

## **IX. REMEDIES**

### **A. Injunctive Relief**

1. As usual, a number of courts applied the traditional rule that a showing of infringement or unfair competition creates a presumption of irreparable harm for the purpose of injunctive relief. *See, e.g., Edge Sys. LLC v. Aguilera*, No. 1:14-CV-24517-KMM, 2016 WL 2643482, at \*20 (S.D. Fla. May 9, 2016); *Innovation Ventures, LLC v. Ultimate One Distrib. Corp.*, No. 12CV5354KAMRLM, 2016 WL 1273232, at \*21 (E.D.N.Y. Mar. 31, 2016); *Simpson Performance Prods., Inc. v. Wagoner*, 133 F. Supp. 3d 1130, 1138 (N.D. Ind. 2015).
2. In contrast, some courts questioned the viability, after *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006), and *Winter v. Natural Resources Defense Council*, 555 U.S. 7 (2008), of the traditional presumption. *See, e.g., Arrowpoint Capital Corp. v. Arrowpoint Asset Mgmt., LLC*, 793 F.3d 313, 327 n.15 (3d Cir. 2015); *JDR Indus. v. McDowell*, 121 F. Supp. 3d 872, 891 (D. Neb. 2015).
3. As always, some courts found that plaintiffs seeking injunctive relief had successfully demonstrated irreparable harm as a factual matter independent of the presumption. *See, e.g., Bernatello's Pizza, Inc. v. Hansen Foods, LLC*, No. 16-CV-65-JDP, 2016 WL 1180206, at \*9 (W.D. Wis. Mar. 25, 2016); *Gen. Mills, Inc. v. Chobani, LLC*, No. 3:16-CV-58, 2016 WL 356039, at \*10 (N.D.N.Y. Jan. 29, 2016), *reconsideration denied*, No. 3:16-CV-58, 2016 WL 1639903 (N.D.N.Y. Apr. 25, 2016).
4. Whether or not a presumption of irreparable harm is applied, one court confirmed that a plaintiff's six-month delay in asserting its rights can be fatal to a claim for preliminary injunctive relief. *See Cablevision Sys. Corp. v. Verizon N.Y. Inc.*, 119 F. Supp. 3d 39, 52 (E.D.N.Y. 2015).

### **B. Monetary Relief**

#### **1. Accountings of Profits**

- a. In an application of Second Circuit law, the Federal Circuit declined to depart from the historical requirement that a plaintiff seeking an accounting of a defendant's profits must demonstrate bad-faith conduct by the defendant. *See Romag Fasteners, Inc. v. Fossil, Inc.*, 817 F.3d 782, 789-91 (Fed. Cir. 2016).

- b. In contrast, in an application of Eleventh Circuit authority, a Florida federal district court rejected the proposition that a prevailing plaintiff must demonstrate a higher degree of culpability to be entitled to an accounting. *See PODS Enters. v. U-Haul Int'l, Inc.*, 126 F. Supp. 3d 1263, 1281 (M.D. Fla. 2015).

## 2. Actual Damages

- a. The Sixth Circuit confirmed that “[p]laintiffs seeking damages for false advertising must ‘present evidence that a “significant portion” of the consumer population was deceived.’” *Grubbs v. Sheakley Grp.*, 807 F.3d 785, 802 (6th Cir. 2015) (quoting *Herman Miller, Inc. v. Palazzetti Imps. & Exports, Inc.*, 270 F.3d 298, 323 (6th Cir. 2001)).
- b. Another court similarly held in an infringement action that, to recover an award of actual damages, a prevailing plaintiff must establish that actual confusion caused an actual injury, *e.g.*, a loss of sales, profits, “or present value (goodwill).” *Black & Decker Corp. v. Positec USA Inc.*, 118 F. Supp. 3d 1056, 1061-62 (N.D. Ill. 2015).
- c. In a case in which a jury found the plaintiff entitled to an award of damages to fund a corrective advertising campaign, a Florida federal district court declined to disturb the jury’s valuation of that campaign at \$45 million, even though the plaintiff’s own annual advertising spend was less than \$3 million. *See PODS Enters. v. U-Haul Int'l, Inc.*, 126 F. Supp. 3d 1263, 1282-85 (M.D. Fla. 2015).
- d. Although Section 35(a) of the Lanham Act, 15 U.S.C. § 1117(a) (2012), prohibits the augmentation of monetary relief as a penalty, courts sometimes succumb to the temptation to treble awards of actual damages in light of bad-faith conduct by defendants. Such was the case in at least two disputes over the past year. *See Sprint Sols., Inc. v. JP Int'l Grp.*, 139 F. Supp. 3d 1363 (N.D. Ga. 2015); *Sprint Sols., Inc. v. Connections Digital, LLC*, No. 1:15-CV-00226-RWS, 2015 WL 6743093, at \*3 (N.D. Ga. Nov. 4, 2015).
- e. In contrast, despite acknowledging evidence in the trial record that could justify a finding of willful misconduct by the defendant, a different court declined to augment an award of actual damages in light of evidence of genericness adduced by the defendant at trial. *See PODS Enters. v. U-Haul Int'l, Inc.*, 126 F. Supp. 3d 1263, 1290 (M.D. Fla. 2015) (“Additional damages would essentially penalize [the defendant], rather than compensate [the plaintiff], and will therefore not be awarded.”).

### 3. Attorneys' Fees

The influence of the Supreme Court's interpretation of Section 285 of the Patent Act, 35 U.S.C. § 285 (2012), in *Octane Fitness, LLC v. Icon Health & Fitness, Inc.*, 134 S. Ct. 1749 (2014) continued over the past year.

- a. Like the Third and the Fourth Circuit before it, the Fifth Circuit held that *Octane Fitness* trumped its past case law on what constitutes an exceptional case under Section 35: "While *Octane Fitness* directly concerns the scope of a district court's discretion to award fees for an 'exceptional' case under § 285 of the Patent Act, the case guides our interpretation of § [35(a)] of the Lanham Act and is instructive here." *Baker v. DeShong*, No. 14-11157, 2016 WL 2342963, at \*3 (5th Cir. May 3, 2016).
- b. The Sixth Circuit came close to adopting the same rule without expressly doing so in a case in which a district court's denial of a defense motion for fees occurred prior to *Octane Fitness*. See *Slep-Tone Entm't Corp. v. Karaoke Store, Inc.*, 782 F.3d 313 (6th Cir. 2015). Like the Fifth Circuit, the Sixth Circuit concluded that "[t]he fee-shifting provisions in § 285 and § [35] are identical. And statutes using the same language should generally be interpreted consistently." *Id.* at 318 (citation omitted). It did not, however, use the occasion of the defendants' appeal to resolve the issue in the first instance, but instead left it up to the district court to do so: "[O]n remand the district court should . . . assess the applicability of *Octane Fitness* before determining it is necessary to reassess if this case qualifies as extraordinary under § [35]." *Id.*
- c. In the absence of guidance from their circuit courts, some federal district courts took the plunge and adopted the *Octane Fitness* standard on their own initiative. See, e.g., *Romeo & Juliette Laser Hair Removal, Inc. v. Assara I LLC*, No. 08CV0442(DLC), 2016 WL 1328936, at \*2 (S.D.N.Y. Apr. 5, 2016); *Innovation Ventures, LLC v. Ultimate One Distrib. Corp.*, No. 12CV5354KAMRLM, 2016 WL 1273232, at \*20 (E.D.N.Y. Mar. 31, 2016); *CarMax Auto Superstores, Inc. v. StarMax Fin., Inc.*, No. 615CV898ORL37TBS, 2015 WL 7731481, at \*2 (M.D. Fla. Dec. 1, 2015); *Donut Joe's, Inc. v. Interveston Food Servs., LLC*, 116 F. Supp. 3d 1290, 1292-93 (N.D. Ala. 2015).
- d. Other courts dodged the issue of *Octane Fitness*'s significance by holding that their disposition of the fee requests before them would be the same whether under the patent standard or that historically applied in their jurisdictions. See, e.g., *SunEarth, Inc. v. Sun Earth Solar Power Co.*, No. 13-17622, 2016 WL 2993958, at \*1 (9th Cir. May 24, 2016); *Memory Lane, Inc. v. Classmates, Inc.*, No. 14-

55462, 2016 WL 1169432, at \*2 (9th Cir. Mar. 25, 2016); *Globefill Inc. v. Elements Spirits, Inc.*, No. 14-55456, 2016 WL 685038, at \*1 (9th Cir. Feb. 19, 2016); *Mountain Mktg. Grp. v. Heimerl & Lammers, LLC*, No. 14-CV-846 (SRN/BRT), 2016 WL 2901735, at \*3 (D. Minn. May 18, 2016); *Nutrivilta Labs., Inc. v. VBS Distrib. Inc.*, No. SACV1301635CJCFMX, 2016 WL 595834, at \*5 n.4 (C.D. Cal. Jan. 27, 2016); *PODS Enters. v. U-Haul Int'l, Inc.*, 126 F. Supp. 3d 1263, 1291 (M.D. Fla. 2015); *Penshurst Trading Inc. v. Zodax LP*, No. 14-CV-2710 RJS, 2015 WL 4716344, at \*2 (S.D.N.Y. Aug. 7, 2015).